

Message Text

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20

ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 AGR-20 SSO-00 INRE-00

USIE-00 NSCE-00 RSR-01 /124 W
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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 0000

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS EC BRUSSELS 3713

PASS AGRICULTURE

E. O. 11652: N/ A

TAGS: EAGR, ETRD, EGEN, EEC

SUBJECT: EC COMMISSIONER LARDINOIS ON US EXPORT CONTROLS ON
SOYBEANS, SOYBEAN OIL- CAKE AND MEAL AND ON HIS WASHINGTON VISIT

REF: A) EC BRUSSELS 3709, AND B) STATE 129605

1. SUMMARY: EC COMMISSIONER PIERRE LARDINOIS HELD A PRESS CON-
FERENCE WEDNESDAY, JULY 4, TO ANNOUNCE HIS VISIT TO WASHINGTON
AND TO COMMENT ABOUT US SOYBEAN EXPORT ALLOCATIONS AND RELATED
MATTERS. LARDINOIS SAID THAT HE HAS BEEN INVITED TO COME TO WASH-
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INGTON BY SECRETARIES SHULTZ AND BUTZ AND EXPECTED TO TRAVEL
THIS COMING WEEKEND FOR TALKS ON MONDAY, JULY 9. (COMMENT:
AS WE ARE REPORTING SEPARATELY, THIS IS INCORRECT AND WE ARE
STILL DISCUSSING DATES WITH LARDINOIS ON BASIS REFTEL (B).

HE SAID THE METHOD THE US USED TO ALLOCATE THE REMAINING 1972 SOYBEAN CROP IS PROBABLY THE BEST. END SUMMARY.

2. PIERRE LARDINOIS, EUROPEAN COMMISSIONER PRIMARILY RESPONSIBLE FOR AGRICULTURE, HELD A JULY 4 PRESS CONFERENCE - - IN CONNECTION WITH THE COMMISSION'S REGULAR NOON BRIEFING - - TO SAY THAT HE WOULD FLY TO WASHINGTON THIS COMING WEEKEND AT THE INVITATION OF SECRETARIES SHULTZ AND BUTZ TO DISCUSS THE US SOYBEAN ALLOCATION SCHEME AND RELATED MATTERS. HE SAID HE WOULD BEGIN HIS " UNOFFICIAL" TALKS MONDAY, JULY 9. IN RESPONSE TO A QUESTION IF THIS IS A " CRASH VISIT," LARDINOIS REPLIED " YES". (SEE SEPTTEL AND COMMENT IN SUMMARY OF THIS MESSAGE.)

3. LARDINOIS TOLD JOURNALISTS THAT THE EC IS THE WORLD'S LARGEST IMPORTER OF SOYBEANS TAKING ALMOST 50 PERCENT OF US SOYBEAN EXPORTS. HE DESCRIBED THE US EXPORT ALLOCATION PLANS FOR SOYBEANS AND SOYBEAN OIL- CAKE AND MEAL SAYING THAT EXPORT LICENSES FOR SOYBEANS WILL EXPIRE SEPTEMBER 15 AND FOR OIL- CAKE AND MEAL ON OCTOBER 15. WHAT THE SITUATION WILL BE AFTER THOSE DATES, HE REMARKED, IS UNCLEAR. FOR THE EUROPEAN COMMUNITY, THE GREAT DIFFICULTY WILL BE THE OCTOBER- NOVEMBER PERIOD PARTICULARLY SINCE THE EC DOES NOT KNOW WHAT THE EXACT US POLICY WILL BE AFTER THOSE DEADLINES. THEREFORE HE IS GOING TO WASHINGTON TO DISCUSS WHAT HE CALLED MEDIUM- TERM POLICY.

4. LARDINOIS SAID " THE PRESENT SITUATION IS NOT YET DISASTROUS" BUT " IT IS A VERY BAD SIGN IN FOREIGN TRADE BECAUSE THE EC IS SO DEPENDENT ON US" SOYBEAN SUPPLIES. IT IS " UNPLEASANT" FOR EC OFFICIALS TO NOTE, HE SAID, THAT THERE APPEARS TO BE A DIFFERENCE IN THE TREATMENT OF THE US CONSUMER AND THE " TRADITIONAL" CONSUMER IN EUROPE IN THE ALLOCATION PLAN. THE CONSEQUENCES OF THIS MUST BE DISCUSSED IN WASHINGTON, HE STRESSED. SOMEWHAT CONTRADICTORILY, HOWEVER, IN RESPONSE TO A QUESTION WHETHER THE US SOYBEAN EXPORT ALLOCATION PLAN WAS " FAIR", LARDINOIS SAID " I DO NOT YET KNOW ON WHICH BASIS CERTAIN CONTRACTS HAVE BEEN TURNED DOWN, BUT APART FROM THAT THE METHOD THE US USED TO ALLOCATE THE REMAINING SOYBEAN CROP IS PROBABLY THE BEST." UNCLASSIFIED

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5. LARDINOIS ALSO EXPLAINED THE HISTORY OF THE DILLON ROUND AGREEMENT WHICH ALLOWS FOR DUTY- FREE IMPORT INTO THE EC OF SOYBEANS. HE SAID THAT WHENEVER THE COMMUNITY HAD THOUGHT OF DOING SOMETHING ON AN EXPERIMENTAL BASIS TO GROW SOYBEANS THERE HAD BEEN US NERVOUSNESS. HE ALLOWED, HOWEVER, THAT CLIMATIC CONDITIONS ARE NOT VERY FAVORABLE FOR GROWING SOYBEANS IN EUROPE EXCEPT IN AN AREA TOTALING ABOUT 250,000 HECTARES IN NORTHERN ITALY AND SOUTHERN FRANCE WHICH HE SAID IS SUITABLE FOR EXPERIMENTATION. HE ALSO NOTED THAT BRZIL IS EC HAS A 0.5 MILLION TON CONTRACT WITH THAT COUNTRY.

6. IN REPLY TO A QUESTION CONCERNING POSSIBLE EC RETALIATION OVER THE US MEASURES, LARDINOIS SAID: " I DO NOT WANT TO TALK ABOUT RETALIATION. BUT WE HAVE A VERY DIFFICULT SITUATION IN THE

DOMESTIC MARKET OF THE EUROPEAN COMMUNITY." (HE SUBSEQUENTLY ADDED THAT HE DOES NOT EXCLUDE THE EC TAKING THE UNITED STATES TO GATT OVER THE US MEASURES). LARDINOIS DOES NOT BELIEVE, HOWEVER, THAT THERE WILL BE ANY RISE IN CONSUMER PRICES IN EUROPE DUE TO THE US EXPORT CONTROLS. THE SHORTAGE OF SOYBEANS HE INDICATED IS DUE TO HEAVY WORLD- WIDE DEMAND. THIS IS A RESULT, HE SAID, OF THE NEARLY COMPLETE DISAPPEARANCE OF FISH MEAL FROM PERU AND THE BAD GROUND NUT CROPS IN INDIA AND AFRICA. IN ADDITION, HE POINTED OUT THAT THE USSR HAS BOUGHT ABOUT ONE MILLION TONS OF SOYBEANS FROM THE CURRENT US CROP AND THE PRC A SMALLER AMOUNT. THIS IS THE FIRST TIME BOTH OF THESE COUNTRIES HAVE PURCHASED SOYBEANS. ANOTHER FACTOR HE SAID IS THE GROWING WORLD DEMAND FOR WHAT HE TERMED A " EUROPEAN DIET".

7. ASKED IF HE DISCERNED A " PROFOUND CHANGE" IN US ATTITUDES WITH REGARD TO AGRICULTURE IN THE GATT, LARDINOIS REPLIED FOR THE TIME BEING THE US SAYS " NO". BUT, HE ADDED, THE US POSITION FOR MORE FREE TRADE IN FARM PRODUCTS HAS OBVIOUSLY BECOME WEAKER BECAUSE OF ITS EXPORT CONTROLS ON SOYBEANS.

8. RESPONDING TO A QUESTION, LARDINOIS SAID THAT HE DOES NOT NOW FAVOR CONTACT WITH THE JAPANESE CONCERNING THE US ALLOCATION SCHEME BUT HE DID NOT RULE OUT POSSIBLE CONTACT WITH THEM LATER, PERHAPS, IN THE GATT.
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To: STATE INFO BONN
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